

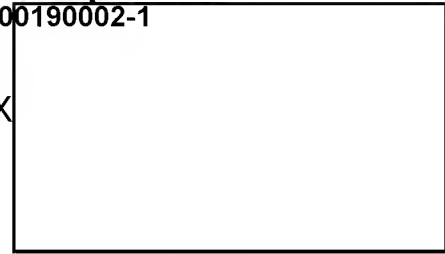


Director of
Central
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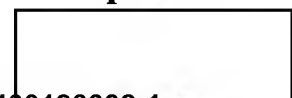
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National Intelligence Daily (Cable)

22 May 1979

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UNCTAD: Discussion of Energy Prices

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//The Costa Rican initiative is the first formal expression of a strong concern on the part of developing countries over rising oil prices. The Latin American caucus at UNCTAD had already split on the issue of discussing energy prices at the Conference. Venezuela and Ecuador, OPEC members opposed to discussion, are on the defensive against Central American pressure. [REDACTED]

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An ill-defined Mexican proposal for airing world energy issues in the UN is further complicating energy discussions. Breaking ranks with other producing countries, Mexico recently indicated its intention of outlining a major new program for the solution of global energy problems at the UN General Assembly in the fall. [REDACTED]

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//The OPEC countries are clearly feeling the pressure from other delegations for some meaningful gesture of support for Third World development. The Venezuelans, the most anxious and forthcoming, may reopen the question of preferential pricing. The other OPEC countries had hoped to garner sympathy for muting energy discussions through generous contributions to the Common Fund and other forms of aid. Neither of these moves is likely to deflect what appear to be growing differences among developing countries on the relationship of the OPEC countries to the rest of the Third World. For the time being, OPEC's hopes to keep the energy issue off the floor are pinned to Asian and African support. [REDACTED]

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NEPAL: More Trouble

Nepal's monarchy--plagued by student strikes and unrest for over a month--appears to be facing a more severe form of antigovernment violence along the southern and eastern border with India. [REDACTED]

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Attacks by mobs on government offices in the area are reported to have resulted in several deaths, and the government has dispatched extra police to the scene. In addition, Naxalites--an ideologically diverse group of leftists who advocate the violent overthrow of the monarchy--reportedly have taken up arms in Nepal's easternmost district. Elite soldiers of the Nepalese Army reportedly have been sent to restore order. [REDACTED]

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The various groups involved in this new unrest may have taken advantage of the government's preoccupation with the students to launch their own campaign against the monarchy. Kathmandu and surrounding towns remain quiet, but it is unlikely that students will end their strike and return to classes today when the university reopens. [REDACTED]

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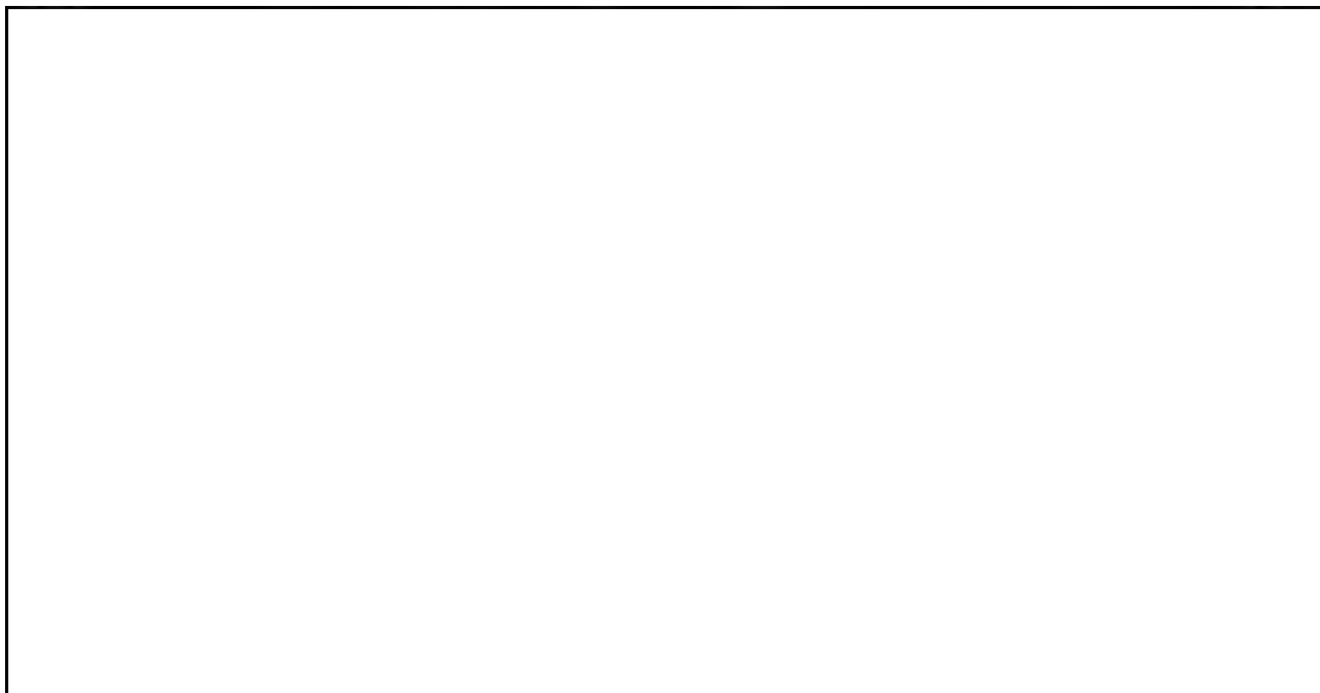
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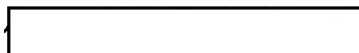
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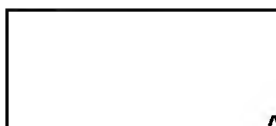
ALBANIA: Economic Setbacks from Earthquake

//The earthquake that devastated part of Yugoslavia last month also hit Albania severely; reports say more than 200 people were killed and at least five villages and thousands of homes were destroyed. A mine supplying a large portion of Albania's chromium exports to Yugoslavia is said to have been damaged heavily. Many factories, including two producing leather goods and electric motors, were demolished. The government, adhering to a policy of "self-reliance," has refused all international recovery aid. The loss of production and additional cost of repairing the damage will probably set back efforts to meet growth targets in the 1979 economic plan. Because the government insists on balanced trade, a shortage of exportable goods and raw materials will reduce capital good imports and hinder Albania's effort to recover from China's termination of economic assistance last year.



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SPECIAL ANALYSIS

TANZANIA: Nyerere's Ugandan Dilemma

Tanzania's successful military campaign in Uganda still poses some difficult choices for President Nyerere. He will be very reluctant to withdraw his troops from Uganda until a stable government with effective defense and internal security forces is established there. That will take several months at best. In the meantime, he could find himself in the middle of a Ugandan power struggle. A protracted stay in Uganda could cause Nyerere problems at home. The Tanzanian Army might eventually threaten his grip on power if it becomes discontented over a long stay in Uganda or feels it has not been properly rewarded for its victory.

Nyerere's immediate problem is the unsettled situation in Uganda. Civil authority has crumbled and armed groups--some still loyal to Idi Amin--roam throughout the northern third of the country. Even with the new government of President Lule on the scene, public order must be maintained by the Tanzanians; the Ugandan exile army does not have the manpower, weapons, or discipline to assert its authority.

Tanzanian troops are engaged in a slow but steady campaign to weed out lingering resistance to the government, but they are no better prepared than the Ugandans to act as policemen. If foreign support for Amin materializes, Nyerere could face protracted guerrilla warfare in Uganda. The longer the Tanzanians remain in Uganda, the more likely they are to antagonize the local population and lose the good will they have enjoyed so far, particularly if economic and logistical problems force them to start living off the land.

Dilemma in Uganda

//Nyerere's pledge to support the new government in Uganda would be difficult to honor if his old friend and

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political ally, former President Obote, decided to reenter Ugandan politics before the Tanzanians withdraw. Although

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[REDACTED]

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//At the moment, Obote appears willing to let Tanzania restore civil authority in Uganda before he makes any political moves there. Obote's supporters are already strong in the new Ugandan military, and they will become increasingly impatient to return Obote to power before serious opposition to their presence appears. Anti-Obote ethnic groups--notably the Baganda--will become better organized the longer Obote waits. If a Lule-Obote power struggle should occur before Tanzanian forces are out of Uganda, Nyerere would probably honor his pledge to support Lule's government. If Nyerere had already withdrawn all but a token force, and Obote himself returned to Uganda to lead opposition to Lule, Nyerere could adopt a "neutral" position in the hope that Obote supporters in the defense and intelligence services would carry the day for Obote. [REDACTED]

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Impact in Tanzania

Nyerere so far has encountered very little domestic opposition to his Ugandan campaign. Despite the cost of the war, most Tanzanians--who live at a subsistence level--were not affected. Nor have Tanzanian Muslims, about 25 percent of the total population, responded to Libyan charges that Nyerere had launched a Christian "crusade against Islam" in Uganda. [REDACTED]

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//The Tanzanian President is likely to have little difficulty, at least in the short run, in selling the necessity of peacekeeping in Uganda. He already has moved to preempt possible criticism by telling Tanzanians that he dares not withdraw from Uganda because Amin and his backers are still a threat. There are other potential problems, however, that could cause problems for Nyerere at home. [REDACTED]

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//Nyerere is likely to find the Tanzanian Army changed in important ways. It has more than doubled in size since mid-1978 to 60,000 soldiers (of which some 32,000 are now inside Uganda).

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Ugandan war expenses have been covered by local currency reserves, but even so the salaries of Tanzanian officers and men at the front are not being paid. Nyerere cannot afford a disgruntled military because the Army is the only potential threat to his power.

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//In the past, Nyerere has kept the Army under control through the systematic replacement of officers who showed signs of discontent. Army leaders, however, have gained confidence and self-esteem as a result of their performance in Uganda, and they may no longer be willing to allow Nyerere to play politics with the Army or to return it to a secondary role in Tanzanian society.

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Prospects

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Nyerere can deal with these problems successfully if he is able to treat them singly. His political future could be thrown into question should they converge on him.

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[REDACTED]


[REDACTED] In any event, whatever Nyerere does from here on out he must consider the fact that the Army is likely to become a new force in Tanzanian politics. Thus, although he might wish to disband the machine he created to overthrow Amin for fear that it could turn on him, he cannot do so precipitately--just as he has no choice except to see his Ugandan adventure through to the end. [REDACTED]

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